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# Economic and Social Council

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**Statistical Commission**
**Thirty-first session**
29 February-3 March 2000
Item 2 of the provisional agenda
**Adoption of the agenda and other organizational matters**

## Provisional agenda and annotations

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2. Adoption of the agenda and other organizational matters.
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   (a) National accounts;
   (b) International trade statistics;
   (c) Service statistics;
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4. Tourism satellite account.
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6. Demographic, social and migration statistics:
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7. Coordination of development indicators in the context of follow-up to United Nations conferences and summits, including capacity-building.
8. International economic and social classifications.
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10. Review of other major developments in the work programme of the United Nations Statistics Division.

11. Coordination and integration of international statistical programmes.

12. Follow-up to the agreed conclusions of the Economic and Social Council's high-level and coordination segments, and to its resolutions.

13. Programme questions and related matters.

14. Provisional agenda and dates for the thirty-second session of the Commission.

15. Report of the Commission on its thirty-first session.

## Annotations

### 1. Election of officers

In accordance with rule 15 of the rules of procedure and past practice, the Statistical Commission should elect, at its first meeting, a Chairman, three Vice-Chairmen and a Rapporteur to serve from the beginning of the thirty-first session of the Commission to the beginning of the thirty-second session.

### 2. Adoption of the agenda and other organizational matters

The items on the provisional agenda and the corresponding documentation were considered by the Commission at its thirtieth session (New York, 1-5 March 1999)[1] and approved by the Economic and Social Council in its decision 1999/223 of 26 July 1999. Additional items have been included in consultation with the officers of the Commission. A proposed schedule of discussion has been made available to the Commission. The Commission should adopt an agenda and schedule of discussion for the session.

*Documentation*

Provisional agenda and annotations (E/CN.3/2000/1)

Note by the Secretariat on the organization of the work of the session (E/CN.3/2000/L.1)

Note by the Secretariat on the state of preparation of documentation for the session (E/CN.3/2000/L.2)

### 3. Economic statistics

### (a) National accounts

The Commission will have before it the report of the Task Force on National Accounts, which reviews the updating processes of the System of National Accounts, 1993 (1993 SNA) regarding the "treatment of financial derivatives" and "functional classifications". Moreover, through the creation of electronic discussion groups, the debate is extending to other areas, which might result in future amendments of the 1993 SNA text. The report also contains an integrated presentation of the work programme of the members of the Intersecretariat Working Group on National Accounts (ISWGNA) in support of implementation of the 1993 SNA, highlighting in particular the implementation of the new data questionnaire. The Commission is requested (a) to comment on the handling of the 1993 SNA updating mechanism; (b) to endorse the creation of the electronic discussion groups; and (c) to comment on the work programme.

The Commission will also have before it a report on the milestone assessment for implementation of the 1993 SNA by member States, prepared by the United Nations Statistics Division in consultation with the regional commissions. It will not identify individual countries but rather present a general analysis based on a regional and subregional perspective. Some reflections on the experiences with the milestones since their inception in 1996 are included. The Commission is requested to initiate a debate on how the milestones are to be used in the future and what improvements, if any, are needed in terms of definition and measurement method.

*Documentation*

Note by the Secretary-General transmitting the report of the Task Force on National Accounts (E/CN.3/2000/2)

Report of the Secretary-General on the milestone assessment of the implementation of the System of National Accounts, 1993, by member States (E/CN.3/2000/3)

**(b) International trade statistics**

The Commission will have before it the report of the Task Force on International Trade Statistics, which will review the work accomplished by the Task Force in response to the decisions made by the Commission at its thirtieth session as well as other activities that the Task Force has undertaken. The Commission is requested to comment on the progress and plans of the Task Force in both the methodological and data aspects of its work.

*Documentation*

Note by the Secretary-General transmitting the report of the Task Force on International Trade Statistics (E/CN.3/2000/4)

**(c) Service statistics**

The Commission will have before it the report of the Task Force on Statistics of International Trade in Services, summarizing the work of the Task Force on the proposed manual on statistics of international trade in services, as well as a draft of the manual as a background document. The draft manual takes into consideration the four modes of supply as defined in the General Agreement on Trade in Services. The draft manual was circulated worldwide for comment at the beginning of November 1999. The Commission is requested to respond to the strategy laid out in the report for approval of the manual in 2001.

*Documentation*

Note by the Secretary-General transmitting the report of the Task Force on Statistics of International Trade in Services (E/CN.3/2000/5)

**(d) Finance statistics**

The Commission will have before it the report of the Task Force on Finance Statistics, including an update of developments since the thirtieth session of the Commission, particularly in the area of external debt. The Commission is requested to express its views on the initiatives taken by the Task Force.

*Documentation*

Note by the Secretary-General transmitting the report of the Task Force on Finance Statistics (E/CN.3/2000/6)

**(e) International Comparison Programme**

The Commission will have before it a report by the World Bank on work done and further practical steps needed to respond to the requests of the Statistical Commission at its thirtieth session regarding the International Comparison Programme. The Commission is requested to review the work done and the further steps proposed.

*Documentation*

Report of the World Bank on the International Comparison Programme (E/CN.3/2000/7)

**(f) Special Data Dissemination Standard and General Data Dissemination System of the International Monetary Fund, including data quality**

The Commission will have before it a report on recent developments in the Special Data Dissemination Standard and the General Data Dissemination System, including their role in the transparency initiatives of the International Monetary Fund, and underlying work on data quality. The Commission is requested to express its views on these developments.

*Documentation*

Report of the International Monetary Fund on the Special Data Dissemination Standard and the General Data Dissemination System, including data quality (E/CN.3/2000/8)

**(g) Other economic statistics (city groups on economic statistics and Intersecretariat Working Group on Price Statistics)**

The Commission will have before it a document presenting reports by the Canberra Group on Household Income Statistics, the Delhi Group on Informal Sector Statistics, the Expert Group on Capital Stock Statistics, the Ottawa Group on Price Indexes, the Paris Group on Labour and Compensation, the Round Table on Business Survey Frames and the Voorburg Group on Service Statistics. The report uses the standard short presentation format, including brief information on the purpose of the group, recent meetings and expected future products. The Commission is requested to review the objectives and work programmes of the groups.

The Commission will also have before it the report of the Intersecretariat Working Group on Price Statistics.

*Documentation*

Note by the Secretary-General transmitting the reports of the Canberra Group on Household Income Statistics, the Delhi Group on Informal Sector Statistics, the Expert Group on Capital Stock Statistics, the Ottawa Group on Price Indexes, the Paris Group on Labour and Compensation, the Round Table on Business Survey Frames and the Voorburg Group on Service Statistics (E/CN.3/2000/9)

Note by the Secretary-General transmitting the report of the Intersecretariat Working Group on Price Statistics (E/CN.3/2000/10)

**4. Tourism satellite account**

The Commission will have before it a report by the World Tourism Organization describing the statistical design of a tourism satellite account (TSA), an update of the United Nations and World Tourism Organization Recommendations on Tourism Statistics,[2] and the Provisional list of tourism-specific products (selective adoption and adaptation of the Central Product Classification[3] to the needs of tourism). The report will also cover the main outcomes of the Enzo Paci World Conference on the Measurement of the Economic Impact

of Tourism (Nice, 15-18 June 1999) relating to these outputs. The draft TSA, the update of the Recommendations on Tourism Statistics and the provisional list of tourism-specific products will be before the Commission for its review and possible adoption.

*Documentation*

Note by the Secretary-General transmitting the report of the World Tourism Organisation on the tourism satellite account and related methodological outputs (E/CN.3/2000/11)

Draft tourism satellite account: methodological references (PROV/ST/ESA/STAT/SER.F/80)

Draft update of the United Nations and World Tourism Organization Recommendations on Tourism Statistics, including the draft provisional list of tourism-specific products (PROV/ST/ESA/STAT/SER.M/83/Rev.1)

**5. Environment statistics**

The Commission will have before it the report of the London Group on Environmental Accounting, summarizing progress on the revision of the System of Integrated Environmental and Economic Accounting (SEEA)[4] and presenting the planned future work programme. The Commission is requested to review the proposed revision process for SEEA and the schedule of activities outlined in the report.

*Documentation*

Note by the Secretary-General transmitting the report of the London Group on Environmental Accounting (E/CN.3/2000/12)

**6. Demographic, social and migration statistics**

**(a) Gender issues in measurement of paid and unpaid work**

The Commission will have before it the implementation plan of a new United Nations Statistics Division project developed with the United Nations Development Programme and the International Development Research Centre/Canada aimed at improving methods and classifications to address gender issues in the measurement of paid and unpaid work. The Commission is requested to comment on the plan of implementation of the project with respect to its outputs and proposed activities. The Commission is also requested to bring related ongoing work and activities to the attention of those responsible for the project.

*Documentation*

Report of the Secretary-General on the implementation plan of a project on gender issues in the measurement of paid and unpaid work (E/CN.3/2000/13)

**(b) Social statistics**

The Commission will have before it the report of the Siena Group for Social Statistics, briefing the Commission on recent meetings and the proposed future programme. The Commission is requested to review the objectives and work programme of the Siena Group.

*Documentation*

Note by the Secretary-General transmitting the report of the Siena Group for Social Statistics (E/CN.3/2000/14)

**7. Coordination of development indicators in the context of follow-up to United Nations conferences and summits, including capacity-building**

The Commission will have before it a report on recent developments in the area of indicators, such as the special session of the Economic and Social Council on basic indicators and the subsequent Council resolution. The document will also describe what actions the United Nations Statistics Division is proposing to take in order to follow up on the Council resolution. Those actions particularly aim at improving coordination among international agencies and strengthening statistical capacity-building. The Commission is requested to approve the proposed work programme.

The Commission will also have before it the report of the Rio Group on Poverty Statistics on recent developments in the area of poverty statistics. It presents summary conclusions from a recent meeting of the Group. The Commission is requested to review the objectives and work programme of the Group.

*Documentation*

Report of the Secretary-General on the harmonization and rationalization of development indicators in the United Nations system (E/CN.3/2000/15)

Note by the Secretary-General transmitting the report of the Rio Group on Poverty Statistics (E/CN.3/2000/16)

**8. International economic and social classifications**

The Commission will have before it the report of the Secretary-General on international economic and social classifications on the status of the work programme as endorsed by the Commission at its thirtieth session[5] and defined in the reports on statistical classifications (E/CN.3/1999/16, E/CN.3/1999/17 and the background document on the proposed work programme of the Voorburg Group on Service Statistics). Annex I of the report contains the recommendations and conclusions of the Expert Group on International Economic and Social Classifications in its capacity as the central coordinating body for implementing the proposed work programme on classifications. This includes recommendations to improve the supporting materials for the International Standard Industrial Classification of All Economic Activities, Revision 3 (ISIC, Rev.3)[6] and for conducting the implementation, assessment and future revisions of ISIC and the Central Product Classification (CPC). The Expert Group will also report its decision on whether the CPC subgroup will be a subgroup of the Expert Group.

The Commission is requested to respond to the strategy and time-frame laid out in the report for the completion of the proposed work programme. The Commission is requested to address the following questions:

(a) Does the Commission agree with the recommended actions to be taken by the members of the Expert Group for making the international family of economic and social classifications operational?

(b) Have the key players in the development of international and multinational classifications been satisfactorily included into the Expert Group, and has representation of developing countries been ensured?

(c) Are the activities proposed for implementation, assessment and future revisions of ISIC and CPC appropriate for the needs and concerns of countries, and is the work programme satisfactorily orchestrated?

*Documentation*

Report of the Secretary-General on international economic and social classifications(E/CN.3/2000/17)

**9. Revised Handbook of Statistical Organization**[7]

The Commission will be informed of the progress towards the completion of the revised *Handbook of Statistical Organization* that the Commission requested be written. The Commission will also be informed of proposals to review the draft revised *Handbook* by representatives of national statistical offices.[8]

*Documentation*

Progress report of the Secretary-General on revision of the Handbook of Statistical Organization (E/CN.3/2000/18)

**10. Review of other major developments in the work programme of the United Nations Statistics Division**

The Director of the United Nations Statistics Division will make an oral report on any significant developments that may have occurred since the preparation of the various substantive reports for the thirty-first session of the Commission; he will also report on any important developments in areas not covered in the agenda of the current session.

*Documentation*

Oral report by the Director of the United Nations Statistics Division

**11. Coordination and integration of international statistical programmes**

The ACC Subcommittee on Statistical Activities held its thirty-third session at Madrid, from 12 to 14 September 1999. The Commission should take into account, in its discussion under relevant agenda items, the views expressed by the ACC Subcommittee on Statistical Activities at that session, the report of which is before the Commission.

The Commission will have before it a report on progress in the development of the global integrated presentation of the work of the international organizations in statistical methodology and the preparation of an annotated list of previously adopted statistical standards. The report will cover progress on development of the Web site to support global presentation; the agreement of organizations to provide necessary information; the definition of coverage; the updating schedule; and agreement with the Bureau of the Conference of European Statisticians (CES) on rationalizing information requirements for current methodological work between the integrated presentation of CES and the global presentation being prepared by the United Nations Statistics Division. The Commission will receive an oral update report at the time of the Commission session and a sample use of the presentation. The Commission is requested to comment on progress achieved.

*Documentation*

Note by the Secretary-General transmitting the report of the ACC Subcommittee on Statistical Activities on its thirty-third session (E/CN.3/2000/19)

Report of the Secretary-General on the global integrated presentation of the work of the international organizations in statistical methodology (E/CN.3/2000/20)

**12. Follow-up to the agreed conclusions of the Economic and Social Council's high-level and coordination segments, and to its resolutions**

The Commission will be informed of the agreed conclusions and resolutions of the Economic and Social Council adopted at its substantive session of 1999 that are relevant to the work of the Commission and any action proposed by the Secretariat. The Commission should decide upon any action that may be necessary.

*Documentation*

Oral report by the Director of the United Nations Statistics Division

**13. Programme questions and related matters**

The Commission will have before it, for review and comment, a conference room paper containing the draft medium-term plan of the United Nations Statistics Division for the period 2002-2005.

*Documentation*

Note by the Secretary-General containing the draft medium-term plan of the United Nations Statistics Division for the period 2002-2005 (E/CN.3/2000/CRP.1)

**14. Provisional agenda and dates for the thirty-second session of the Commission**

In accordance with rule 9 of the rules of procedure, the Commission will have before it the draft provisional agenda for its thirty-second session, together with an indication of the documents to be submitted under each item and the legislative authority for their preparation. The Commission will also have before it a proposal for the dates of the thirty-second session.

*Documentation*

Draft provisional agenda for the thirty-second session of the Commission (E/CN.3/2000/L.3)

**15. Report of the Commission on its thirty-first session**

The Commission will adopt the report on its thirty-first session, which will be submitted to the Economic and Social Council.

*Notes*

[1] See *Official Records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), chap. I.B).

[2] Statistical Papers, Series M, No. 83 (United Nations publication, Sales No. E.94.XVII.6).

[3] Statistical Papers, Series M, No. 77, Version 1.0 (United Nations publication, Sales No. 98.XVII.5).

[4] Studies in Methods, Series F, No. 61 (United Nations publication, Sales No. 93.XVII.12).

[5] See *Official Records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), para. 108 (a).

[6] Statistical Papers, Series M, No. 4, Rev.3 (United Nations publication, Sales No. E.90.XVII.11).

[7] Studies in Methods, Series F, No. 28 (United Nations publication, Sales No. E.79.XVII.17).

[8] See *Official Records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), para. 130 (h).

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# Economic and Social Council

Distr.: General
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**Statistical Commission**
**Thirty-first session**
29 February-3 March 2000
Item 3 (a) of the provisional agenda*
**Economic statistics: national accounts**

## Task Force on National Accounts

### Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on National Accounts (Convener: Intersecretariat Working Group on National Accounts), which is contained in the annex to the present note. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its thirtieth session.

*Notes*

[1] *Official Records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), chap. I.B.

* E/CN.3/2000/1.

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## Annex

# Report of the Task Force on National Accounts

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## Introduction

1. At its thirtieth session (1-5 March 1999), the Statistical Commission:

(a) Approved an updating mechanism for the 1993 System of National Accounts (1993 SNA)[a] (see sect. I.A below);

(b) Agreed in principle with an update of the treatment of financial derivatives but asked the Intersecretariat Working Group on National Accounts (ISWGNA) to do some further work on the proposed text (see sect. I.B.1 below);

(c) Approved the publication of the draft classifications of expenditure according to purpose (see sect. I.B.2 below);

(d) Noted proposals for further areas of work (see sect. II.B below);

(e) Asked the ISWGNA to determine whether there was a match between its work programme and the needs of countries (see sect. II.C below).

2. Section I of this report addresses the issues related to updating the 1993 SNA. First, it reports on the status of two concrete updating processes that have been initiated so far (treatment of financial derivatives; and functional classifications). Then, it describes other topics where electronic discussion has already begun. Some of these topics may be potential candidates for future updating processes. In section II, the standard integrated presentation of the work programmes of ISWGNA in support of SNA implementation is given. This section also reports on those areas where further and/or new conceptual and methodological work was proposed by the Commission. It also explains how ISWGNA is responding to the particular needs of countries currently assessed at the pre-SNA phase and phase 1. In a separate document (E/CN.3/2000/3), prepared by the United Nations Statistics Division (UNSD) in consultation with the regional commissions, an updated milestone assessment together with a brief analysis is presented. Some reflections on the experiences with the milestones since their inception in 1996 are also included.

# I. Updating the 1993 System of National Accounts (1993 SNA)

## A. The mechanism

3. ISWGNA has taken great care to follow the process for updating the 1993 SNA as approved by the Statistical Commission in March 1999. In particular, the proposed changes to the 1993 SNA required as a result of the approval by the 1999 session of the Statistical Commission of the draft classifications of expenditure according to purpose (PROV/ST/ESA/STAT/SER.M/84) were circulated to all national statistical offices in October 1999. Furthermore, in order to ensure a broad consultative process for potential future updates of the 1993 SNA, ISWGNA has created three electronic discussion groups (see sect. C below).

## B. Two concrete proposals for updating the 1993 SNA

### 1. Treatment of financial derivatives

4. In accordance with the request of the Statistical Commission at its thirtieth session held in March 1999, ISWGNA in its April 1999 meeting considered specific comments made by members of the Commission on the proposed updated treatment of financial derivatives. As a result of these comments and further discussions, the International Monetary Fund (IMF) prepared a revised document entitled "The New International Standards for the Statistical Measurement of Financial Derivatives: Changes to the Text of the 1993 SNA" (5 May 1999). This document was sent out by the United Nations Statistics Division in its capacity as secretariat of ISWGNA to all national statistical offices worldwide for their review and comments.

5. As some questions on the proposed treatment were raised by government debt managers in the European Union (EU), the Statistical Office of the European Communities (Eurostat) organized a special meeting on the financial derivatives in September, which brought together national accountants, balance-of-payments experts and debt managers. The meeting concluded with the favouring of the proposed SNA treatment by the vast majority of the statisticians. ISWGNA in its September meeting reviewed the few comments received from national statistical offices, most of which explicitly approved the proposed treatment. ISWGNA asked IMF to incorporate one additional sentence stating explicitly that the service charge component involved in derivative transactions should be separately recorded,

where possible. On 22 October 1999, the final version was circulated to the members of the Statistical Commission (1999) for formal approval.

### 2. Functional classifications

6. The document "Classifications of Expenditure According to Purpose" (COFOG, COICOP, COPNI and COPP) which was adopted at the thirtieth session of the Statistical Commission in March 1999, is in the process of official editing for subsequent publication in all the official languages of the United Nations.[b] To facilitate the dissemination of these classifications to interested users before their official publication, the four classifications have been circulated, in draft, in printed form and electronically. Each distributed copy of the draft document was accompanied by a list of intended corrections that would be incorporated into the final publication. By 1 January 2000, these classifications will also be available on-line at a United Nations web site (www.un.org/Depts/unsd/class/class1.htm). The on-line version will present the full structure (divisions, groups, classes) of the four classifications as well as detailed explanatory notes of the classes. In addition, it will include interpretations and rulings for these classifications as they become available.

7. As a result of the Commission's approval of the Classifications of Expenditure According to Purpose, the 1993 SNA had to be updated, the two broad areas concerned being chapter XVIII on functional classifications and sections H, I, J and K of part I of annex V entitled "Classifications and accounts". ISWGNA asked the Organisation for Economic Cooperation and Development (OECD) to prepare a draft with the necessary text changes, which was circulated to all national statistical offices for review and comments on 25 October 1999. If sufficient consensus emerges, the revised text will be sent to the 24 members of the Statistical Commission for formal approval.

## C. Discussion of further topics

8. In order to pre-screen SNA topics that might be considered potential candidates for clarification, interpretation or change in the 1993 SNA, the ISWGNA has decided to establish electronic discussion groups (EDGs). Thus, whenever a controversial issue is brought to the attention of ISWGNA, an EDG is set up under the responsibility of one of the member organizations of ISWGNA. It is then announced in *SNA News and Notes* and experts worldwide are invited to send their views and comments. This will not only ensure a broad consultative process but also greatly facilitate the work of the ISWGNA by helping set the stage for the more formal updating mechanism approved by the Statistical Commission. So far, three EDGs have been established.

### 1. Accrual accounting of interest

9. The IMF Expert Group on Monetary and Financial Statistics, in November 1996, had suggested clarifying the SNA treatment of interest accruals on tradable debt securities. In an article in *SNA News and Notes*, No. 9 (May 1999), IMF presented three concepts of accrual accounting of interest and invited experts to enter into a debate using the e-mail hotline (accrual@imf.org) both to express views and to request background documentation.

### 2. Treatment of nominal holding gains and interest on financial assets

10. Can negative real interest be shown in the primary income account when adjusting interest under conditions of high inflation? Can nominal holding gains on loans in the national currency be anything except zero? These are two of the issues raised in the current debate on the treatment of interest payments under conditions of high inflation. ISWGNA has asked the World Bank to set up an electronic discussion group to promote further discussion. A web site now exists (www.WorldBank.org/data/working/iswgna_background.html) and relevant papers have been posted. An invitation to national accountants to participate was issued through *SNA News and Notes*, No. 9. The debate is under way, but at the time of writing, no consensus has emerged.

### 3. Cost of transferring ownership of assets

11. The 1993 SNA recommends that the costs associated with the transfer of ownership of non-financial assets should be treated as gross fixed capital formation. In practice, some countries have encountered anomalies when applying this rule. A counter-proposal has thus been made to treat transfer costs as current expenses. OECD has solicited expert opinions and is posting those on its national accounts web page (www.oecd.org/std/nahome.htm) under "Papers under discussion".

12. As several topics are being considered potential candidates for SNA updates, ISWGNA is considering convening a meeting of national accounts experts to advise ISWGNA on the proposals put forward. Such an expert group would also assist ISWGNA in maintaining the overall consistency of the system.

# II. Coordination of work programmes on the implementation of the 1993 SNA

## A. Integrated presentation of work programmes

13. Tables 1 and 2 give an integrated presentation of the work programmes of ISWGNA member organizations in support of the SNA implementation in the same standard format used in previous ISWGNA reports. Table 1 contains an enumeration of manuals and other support materials, while table 2 lists meetings and research activities. The time-frame for both tables is March 1999 to the near future.

14. The main focus of intersecretariat cooperation in the past months was the implementation of the new national accounts data questionnaires based on the 1993 SNA and the 1995 European System of Integrated Economic Accounts (ESA 1995). Two complete sets of the new questionnaire, one blank and one pre-filled, together with a companion reference booklet, were sent out in October 1999 to 151 of the 207 countries included in the United Nations Statistics Division national accounts database. To minimize the reporting burden of countries, data for the remaining 56 countries will be directly converted from the replies to the SNA 1993/ESA 1995 questionnaire implemented by the Statistical Office of the European Communities (Eurostat) and OECD. Countries that have substantially implemented the 1993 SNA are also being asked to continue reporting data according to the 1968 SNA[c] for the main aggregates (part I of the new questionnaire). This is very important for international comparability and analysis of the data series and, in particular, when national accounts statistics are used for administrative purposes as is the case for the Committee on Contributions. To facilitate the understanding of the new questionnaire, the companion reference booklet includes the instructions for the tables to be completed, an SNA glossary with definitions prepared by OECD, and the conversion rules used for changing the reported data from the 1968 SNA format to the 1993 SNA format.

## B. Further conceptual and methodological development

15. The Commission noted at its thirtieth session a number of proposals for areas of further work. A summary report of activities undertaken or planned to be undertaken by ISWGNA in these areas is given below.

16. **Gross domestic product volume and price measures:** Eurostat has started a research programme on the harmonization of volume measurement. It focuses on areas with particular difficulties (education, health, computers and software, construction, financial intermediation, and so forth). The programme will be completed by the end of 2000. The full set of recommendations will be included in a handbook.

17. **National accounts and employment:** the United Nations Statistics Division in close collaboration with the Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO) is planning to start work next year on improving the consistency at the international level of national accounts and classifications guidelines on the one hand with employment statistics and classifications on the other. Eurostat is already working in this area on behalf of the needs of the European Economic and Monetary Union.

18. **Measurement of insurance output:** the United Nations Statistics Division is planning to work on a handbook on compiling production accounts for the financial sector. This will be done in close cooperation with Eurostat.

19. **Financial intermediation services indirectly measured:** before a decision on the allocation of financial intermediation services indirectly measured (FISIM) in the member States of EU is taken in 2002, the effectiveness of the allocation and the detailed rules of its implementation have to be evaluated. A first set of trial calculations, covering the years 1995 to 1998, has been submitted by the member States of EU in November 1999 and is now being analysed by Eurostat.

20. **Asset transfer costs:** reference is made to section I.C.3 above on an EDG on costs of transferring ownership of assets.

21. **Government accounting:** IMF has circulated during 1999 draft chapters of the Manual on Government Finance Statistics to be reviewed by international organizations and national experts. Publication of the manual is now planned for 2000-2001.

22. **Exhaustiveness/measurement of the non-observed economy:** OECD has launched an initiative for the preparation of a handbook on the non-observed economy. A draft outline was presented to the ISWGNA meeting in September 1999. A draft version of the handbook will be distributed for comments in April 2000 and a final version is planned for October. OECD is seeking inputs from the Delhi group on Informal Sector Statistics.

23. **Dissemination standards:** reference is made to document E/CN.3/2000/8, to be discussed under agenda item 3 (f).

24. **Treatment of interest under high inflation**: reference is made to section I.C.2 above on an EDG on treatment of nominal holding gains and interest on financial assets.

## C. Special support to countries assessed at pre-SNA phase or phase 1

25. As requested by the Statistical Commission, the members of ISWGNA have reviewed their work programmes and, in particular, their technical cooperation and training activities, geared to assisting countries that are currently assessed as being in the pre-SNA phase or in phase 1. A summary of these efforts is presented below. However, it should be highlighted once more that such efforts are meant only to facilitate the process of SNA implementation in these countries since, as confirmed by the Commission in 1995 and reiterated in later sessions, it is ultimately the country's responsibility to undertake the necessary steps towards developing its national accounts in line with its particular needs and resources.

26. In cooperation with the regional commissions, the United Nations Statistics Division has organized training workshops in Latin America and the Caribbean and Western Asia. In Africa, subregional national accounts projects in Portuguese-speaking countries and in Western Africa are supported by the United Nations interregional adviser on macro-accounting for policy analysis. The aim is to build subregional networks and produce practical compilation guides for groups of countries. In a project in the Caribbean, which is executed in close cooperation with the Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States secretariat, special emphasis has been placed on developing a framework of simple accounts for small island economies.

27. The United Nations Statistics Division has also reviewed its priorities in producing supporting handbooks. The planned manuals on computerization of national accounts and compilation of production accounts for financial corporations have been postponed. In return, the elaboration of training material to be contained in a "Guide for compiling the 1993 SNA: A practical introduction" has been accelerated. The training material has been field-tested during in-country training programmes in South-East Asia.

28. The Statistical Division of the Economic Commission for Europe (ECE) has been trying, within its limited amount of resources, to provide support to those countries within the ECE region that are assessed at pre-SNA phase or phase 1. These are mainly some countries in transition from the Balkan area and the Commonwealth of Independent States (CIS). The support has been provided through the regular programme within the Conference of European Statisticians by way of meetings or seminars on technical aspects of economic statistics. Special ECE sessions to discuss national accounting issues of concern to transition economies have been organized. Another form of providing support to this group of countries is through the regional adviser post and its budget which, unfortunately, was vacant throughout 1999 but is anticipated to be filled in 2000.

29. Eurostat is providing support to groups of countries through special programmes such as PARSTAT (*Programme d'appui régional à la statistique*) for all West African Economic and Monetary Union (WAEMU) countries and PROSMIC (*Programme statistique minimum commun*), a programme for UEMOA countries and several French-speaking countries in Central and West Africa. Eurostat also cooperates closely with the United Nations Statistics Division on the programmes for the group of West African ECOWAS (Economic Community of West African States) countries and Portuguese-speaking African countries. The World Bank offered special national accounts training courses in some countries in Africa. IMF continues to offer a variety of national accounts training programmes in its training facilities in Washington, D.C., Vienna and Singapore.

## D. Dialogue with city groups

30. As some city groups had been very active in developing further the conceptual and methodological thinking in many areas of economic statistics, ISWGNA decided to seek the dialogue with those city groups whose work was related to the area of national accounting. In a letter addressed to eight city groups, ISWGNA explained its dual concern, namely, to keep the concepts of the 1993 SNA up to date but at the same time to ensure their consistency with internationally agreed upon standards for economic statistics. ISWGNA is expecting to keep in especially close contact with those city groups that plan publications in the area of economic statistics.

## III. Points for discussion

31. The Statistical Commission is requested to respond to the following:

(a) Is the Commission satisfied with the ISWGNA's handling of the updating process?

(b) Does the Commission approve the approach taken with the electronic discussion groups?

(c) Is the Commission satisfied with the coordination of ISWGNA's work and does the programme address the priority issues?

*Notes*

[a] Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations and World Bank, *System of National Accounts, 1993* (United Nations publication, Sales No. E.94.XVII.4).

[b] *Classifications of Expenditure According to Purpose: Classification of the Functions of Government (COFOG); Classification of Individual Consumption According to Purpose (COICOP); Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI); Classification of the Outlays of Producers According to Purpose (COPP)*, Statistical Papers, No. 84 (United Nations publication, forthcoming). The classifications are also available at a United Nations web site (www.un.org/Depts/unsd/class/class1.htm).

[c] Studies in Methods, No. 2, Rev. 3 (United Nations publication, Sales No. E.69.XVII.3).

Table 1

**Manuals, handbooks and supporting materials for SNA implementation prepared or being prepared by member organizations of the Intersecretariat Working Group on National Accounts (ISWGNA)**

(For publications before 1999, see document E/CN.3/1999/2, annex, table 2)

(List of acronyms used in tables 1 and 2 are shown following table 2)

| *Manuals, handbooks, compilation manuals and software in support of national accounts compilation* | *Responsible ISWGNA member organization* | *Status* | *Date of publication/ issue* |
|---|---|---|---|
| 12. *Handbook on Regional Accounts* (3 vols.) | Eurostat | | |
| Vol. 3. *Government Accounts* | | Published | 1999 |
| 25. Manual on monetary and financial statistics | IMF | Final review of chapters in December 1999 | 2000 |
| 27. Handbook on a systems approach to national accounts compilation | UNSD | Submitted for publication end-1997 | 2000 |
| 28. Handbook on input-output table compilation and analysis | UNSD | Submitted for publication October 1997 | 2000 |
| 29. Classifications of expenditure according to purpose: COFOG, COICOP, COPNI and COPP | OECD/UNSD | Submitted for publication | 2000 *a* |
| 30. Commission decision clarifying the ESA as concerns the principles for measuring prices and volumes | Eurostat | Published | 1999 |
| 31. Glossary for the 1993 SNA | OECD | Submitted for publication | 2000 |
| 32. Development of new national accounts questionnaires based on the 1993 SNA/ESA 1995 | UNSD/ Eurostat/ OECD | Implemented | 1999 |
| 33. Handbook on links between business and national accounting | UNSD | Submitted for publication in December 1997 | 2000 |
| 34. Handbook on household accounting: experiences in the use of concepts and their compilation | UNSD | | |
| Vol. 1. Household sector accounts | | Submitted for publication in December 1997 | 2000 |
| Vol. 2. Household satellite accounting | | Submitted for publication in March 1998 | 2000 |
| 35. Handbook on the use of macro-accounts for policy analysis | UNSD | Submitted for publication in December 1999 | 2000 |
| 36. Handbook on the non-profit institutions (in cooperation with Johns Hopkins University, United States of America) | UNSD | Expert Group reviewed proposed outline April 1999 | 2000-2001 |
| 37. *Manual on Government Finance Statistics*: revision of the 1986 *Manual* | IMF | Chapters circulated progressively to member countries for comments in 1999 | 2000-2001 |
| 38. Handbook on the computerization of national accounts | UNSD | Postponed | |
| 39. Guide for compiling the 1993 SNA: a practical introduction | UNSD | Training material to be included in guide was tested in workshops in November 1999 | 2000 |
| 40. Integrated environmental and economic accounting: an operational manual (in cooperation with the Nairobi Group) | UNSD | Submitted for publication in November 1999 | 2000 |
| 41. Integrated environmental and economic accounting for forestry (in cooperation with FAO) | UNSD/ Eurostat/ World Bank | Report available on FAO web site | 1999 |
| 42. Integrated environmental and economic accounting for fisheries (in cooperation with FAO and UNU) | UNSD | Draft of selected chapters | 2000 |

| *Manuals, handbooks, compilation manuals and software in support of national accounts compilation* | *Responsible ISWGNA member organization* | *Status* | *Date of publication/ issue* |
|---|---|---|---|
| 43. Manual on the compilation of statistics on general government deficit and debt in the framework of ESA 1995 (in the context of the excessive deficit procedure) | Eurostat | Work in progress | March 2000 |
| 44. Manual on the compilation of input-output tables under ESA 1995 | Eurostat | Work in progress | |
| 45. Textbook on quarterly national accounts | IMF | Draft | 2000 |

Table 2

**Summary of SNA-related activities of member organizations of the Intersecretariat Working Group on National Accounts (ISWGNA), starting March 1999**

(List of acronyms used in tables 1 and 2 are shown following table 2)

| | *I* | *II* |
|---|---|---|
| *ISWGNA member organization* | *Meetings, training seminars and workshops, courses and so forth* | *Research activities designed to solve conceptual and practical problems* |
| | A. *International organizations* | |
| 1. Eurostat | (a) | (a) |
| | Workshop on the implementation of ESA 1995 entitled "Achieving comparability in practice" (7-9 June 1999, Copenhagen) | Examination of the allocation of FISIM under ESA 1995 |
| | (b) | (b) |
| | Workshop on the measurement of illegal activities (13 and 14 September 1999, Voorburg) | Examination of methodologies and country practices to produce environmental accounts |
| | (c) | (c) |
| | Training of European statisticians (TES) courses on ESA 1995: financial accounts (26-28 April 1999, Luxembourg); national accounts statistics in practice (8-19 November 1999, Voorburg); goods and services (10-12 January 2000, Luxembourg); quarterly accounts (6-9 December 1999, Luxembourg) | Examination of member States' methods used to compile accounts under ESA 1995; compilation of inventories (1999-2000) |
| | (d) | (d) |
| | Workshop on regional accounts for Central Eastern European countries (21-23 June 1999, Bled) | Task force on volume measurement for construction, computers and software, large equipment, financial intermediation, business services |
| | | (e) |
| | | Task force on accuracy assessment for national accounts statistics |
| | | (f) |
| | | Task force on the delimitation of the general government sector |
| | | (g) |
| | | Task force on the recording of interest on an accrual basis |
| | | (h) |
| | | Task force on the practical aspects of measuring financial derivatives |
| | | (i) |
| | | Task force on the transactions between the general government sector and "public" units |

| | *I* | *II* |
|---|---|---|
| *ISWGNA member organization* | *Meetings, training seminars and workshops, courses and so forth* | *Research activities designed to solve conceptual and practical problems* |
| | | (j) Work programme entitled "Regional GDP figures for candidate countries" |
| | | (k) Task force on methods to compile regional GDP in EU |
| | | (l) Cooperation with pre-accession countries on the implementation of ESA 1995 |
| 2. IMF | (a) National accounts course on concepts and practical implementation of the 1993 SNA: IMF Institute, Washington, D.C., six weeks, June/July 2001 (to be confirmed); South African Reserve Bank, two weeks, February 2000; Joint Vienna Institute, two weeks, October 2000; Singapore Training Institute, two weeks, January 2001 (to be confirmed) | |
| | (b) Seminar on Quarterly National Accounts (irregular intervals) | |
| | (c) Price statistics course on consumer, producer and trade prices, with their links to national accounts: South African Reserve Bank, two weeks, February 2000; IMF Institute, Washington, D.C., two weeks, 2001 (to be confirmed) | |
| | (d) Regular courses on balance of payments, government finance and monetary statistics which include sections on national accounts and the links between these specialized statistical systems and national accounts | |
| 3. OECD | (a) OECD annual meetings on national accounts (Paris, 26-29 September 2000) | (a) Continued research to elaborate possible methodologies for treating effects of environmental depletion and degradation within the framework of the 1993 SNA |

| | I | II |
|---|---|---|
| *ISWGNA member organization* | *Meetings, training seminars and workshops, courses and so forth* | *Research activities designed to solve conceptual and practical problems* |
| | (b) | (b) |
| | OECD meeting on measuring depletion in the national accounts (Paris, 20 September 1999) | Research work on the non-observed economy |
| | (c) | |
| | Capital stock conference (third meeting of the Canberra Group (Washington, D.C., 8-10 November 1999) | |
| | (d) | |
| | Joint ECE/OECD/Eurostat meeting on national accounts (Geneva, 26-28 April 2000) | |
| 4. UNSD | (a) | (a) |
| | Expert group meeting on non-profit institutions co-organized with Johns Hopkins University, Baltimore, Maryland, United States of America (New York, 13 and 14 April 1999; planned for 2000) | Development of training material for teaching national accounts |
| | (b) | (b) |
| | Expert group meetings on international economic and social classifications (New York, 15-17 November 1999; planned for 2000) | Research work on the informal sector in cooperation with Delhi Group |
| | (c) | (c) |
| | Workshops in cooperation with ECA, ECLAC, ESCAP and ESCWA on implementation of the 1993 SNA and integrated economic and environmental accounting (1999 and 2000) | Joint project with Johns Hopkins University to study non-profit institutions |
| | | (d) |
| | | Ongoing work on further development of integrated environmental and economic accounting |
| 5. World Bank | (a) | (a) |
| | Training in national accounts (Abidjan, Côte d'Ivoire, April 1999; Addis Ababa, Ethiopia, October 1999) | Measurement of poverty using purchasing power parities compiled for specific income levels |
| | (b) | |
| | Seminar on macro-statistics in a federal statistical set-up (Russian Federation, November 1999) | |
| | (c) | |
| | Workshop on economic statistics for statisticians, academics and government officials (India, December 1999) | |

| ISWGNA member organization | I<br>Meetings, training seminars and workshops, courses and so forth | II<br>Research activities designed to solve conceptual and practical problems |
|---|---|---|
| | (d)<br>Seminar on prices and purchasing power parities (Washington, D.C., March 2000) | |
| | B. *Regional commissions* | |
| 6. ECA | Joint ECA/UNSD workshops on corporate accounts with emphasis on links between business and national accounts; for French-speaking countries, planned for mid-2000 (Addis Ababa, Ethiopia) | |
| 7. ECE | (a)<br>ECE special session on national accounting issues of concern to transition economies (Paris, 24 September 1999) | (a)<br>Project on capital stock for transition economies; case studies examining methods currently used; development of improved methods of estimation |
| | (b)<br>Joint ECE/OECD/Eurostat meeting on national accounts (Geneva, 26-28 April 2000) | (b)<br>Continued support for the European Comparison Project within the ICP project of the United Nations |
| 8. ECLAC | (a)<br>International courses on national accounts by CEMLA (Centro de Estudios Monetarios Centroamericanos) sponsored by: Central Bank of Paraguay (Asunción, March 1999), Contraloría de Panamá (Panamá, 5 and 6 July 1999); Workshop on the general system of dissemination of information (CEMLA, Mexico, 17-21 May 1999); courses and workshops on balance of payments hosted by: the Bank of Spain (Madrid, 7-11 June 1999); Central Bank of Bolivia (La Paz, 26-30 July 1999); Central Bank of El Salvador (first semester 1999); courses and workshops on monetary and financial statistics hosted by: CEMLA, Mexico 15 November to 3 December and 9 to 11 December 1999; specialization on the central bank: Central Bank of Cuba (La Havana, 1 March-12 May 2000) | (a)<br>Fifth survey on progress in the implementation of the SNA 1993 (September-November 1999) |
| | (b)<br>Joint ECLAC/UNSD regional workshops on implementation of the 1993 SNA hosted by: INEGI (Mexican Statistical Institute, 8-11 November 1999; Netherlands Antilles, May 1999) | (b)<br>First survey on basic statistics production for national accounts of the statistical national offices (January 2000) |

| | *I* | *II* |
|---|---|---|
| *ISWGNA member organization* | *Meetings, training seminars and workshops, courses and so forth* | *Research activities designed to solve conceptual and practical problems* |
| | (c) | (c) |
| | Joint ECLAC/UNSD workshops on integrated environmental and economic accounting in Trinidad, August 1999 | Preparation and dissemination of guidelines for the systematic progress towards the harmonization of the consumer prices indexes in the Latin America and the Caribbean countries |
| | (d) | |
| | Subregional workshop on ICP (MERCOSUR countries, Chile and Bolivia) hosted by: Instituto Nacional de Estadística (Spain) (INE), Chile, ECLAC (Santiago, 21-23 April 1999); INE, Uruguay (6-8 October 1999); joint INE, Peru/CESD-Madrid regional workshop on ICP harmonized, Lima, July 1999 | |
| 9. ESCAP | (a) | |
| | Series of in-country training workshops in Myanmar, Lao People's Democratic Republic, Viet Nam (November 1999) | |
| 10. ESCWA | (a) | |
| | Joint ESCWA/UNSD workshop on compilation of integrated economic accounts of the 1993 SNA (Beirut, 26-28 October 1999) | |
| | (b) | |
| | ESCWA workshop on the link between balance of payments and SNA 1993 (2000) | |
| | (c) | |
| | ESCWA workshop on external trade (2000) | |

**List of acronyms**

| | |
|---|---|
| CESD | Centre européen de formation des statisticiens économistes des pays en voie de développement (European Training Centre for Economic Statisticians of Developing Countries) |
| CIS | Commonwealth of Independent States |
| COFOG | Classification of the functions of government |
| COICOP | Classification of individual consumption according to purpose |
| COPNI | Classification of the purposes of non-profit institutions serving households |
| COPP | Classification of the outlays of producers according to purpose |
| DESA | Department of Economic and Social Affairs of the United Nations Secretariat |
| ECA | Economic Commission for Africa |
| ECE | Economic Commission for Europe |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| EEA | European Economic Area |
| ESA | Economic System of Integrated Economic Accounts |
| ESCAP | Economic and Social Commission for Asia and the Pacific |
| ESCWA | Economic and Social Commission for Western Asia |
| EU | European Union |
| Eurostat | Statistical Office of the European Communities |
| FAO | Food and Agriculture Organization of the United Nations |
| FISIM | Financial intermediation services indirectly measured |
| GDP | Gross domestic product |
| ICP | International Comparison Programme |
| IMF | International Monetary Fund |
| MERCOSUR | Southern Cone Common Market |
| OECD | Organisation for Economic Cooperation and Development |
| UNSD | United Nations Statistics Division |
| UNU | United Nations University |

United Nations E/CN.3/2000/3

# Economic and Social Council

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## Milestone assessment of the implementation of the System of National Accounts, 1993, by member States

### Report of the Secretary-General

*Summary*

The present report was prepared at the request of the Statistical Commission at its thirtieth session.[1] Section I provides background information on the definition and measurement of the milestones for implementation of the System of National Accounts, 1993 (1993 SNA). Section II contains a regional summary table of the milestone assessment for member countries covering the period 1993-1998. In accordance with a request by the Commission, no countries are identified individually. A general analysis of the assessment results as well as of the changes therein over the past three years is also included in section II. In section III, the question "What does implementing the 1993 SNA mean?" is raised. Possible implications for the modification of the milestone definition and measurement method are highlighted. A factsheet on milestones is contained in the annex.

[1] *Official Records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), para. 18 (e) and (f).

* E/CN.3/2000/1.

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# I. Background information on milestones

1. The factsheet contained in the annex presents an executive-style summary of the background for the milestones. This assessment has now been repeated for three consecutive years, and as the new data questionnaire based on the System of National Accounts, 1993 (1993 SNA) is being introduced, an opportunity presents itself to conduct a preliminary evaluation of the milestone assessments so far. It is therefore important to recall the reason for creating this instrument.

2. The 1993 SNA is more comprehensive in scope than its predecessor. It describes the full elaboration of institutional sector accounts up to the balance sheets. The milestones as they were conceived thus put great emphasis on the compilation of institutional sector accounts. They implicitly suggest one path of developing gradually institutional sector accounts, i.e., an increasingly complex national accounting system for countries. However, it was always emphasized that the specific implementation objective and process chosen is the responsibility of the individual country.

3. At the same time, the Statistical Commission needed an instrument to review progress in implementation over time. The assessment tool is meant to enhance the effectiveness of the support system provided by the international community since assistance can be focused on regions where it is most needed.

4. For an evaluation of the milestones, it is important to distinguish between the definition, the measurement and the use of this tool. The fact that the milestones focus exclusively on accounts coverage and do not contain a quality dimension in an issue of definition. The complaint raised by a number of countries of being underrated despite having produced certain national accounts series is a problem of the particular measurement process chosen. The fact that no comprehensive strategy has yet been developed on how to improve the situation of the group of countries not reporting any economic data raises questions about the use of the milestones. After presenting the results of this year's assessment in section II, these issues will be taken up again in section III.

# II. Analysis of the assessment of member States for 1993-1998

5. The table provides a regional summary of the milestone assessment. The first seven columns indicate how many countries per region/subregion have reached a certain milestone level. After the total column, a comparison with the results of the first milestone assessment in 1997 referring to the 1990-1995 time-frame is made by indicating how many countries in each region have improved and how many have deteriorated in the past three years. A milestone index per region is also presented, which calculates the weighted average of the milestone assessments for countries in that particular region, with population figures of the year 1994 as weights. The index for the 1997 assessment is given as reference point.

## A. Current status

6. The table describes the status of what a current user of international data would find: for 59 countries (31.9 per cent of countries worldwide) no economic information is available. Most of these countries are in Africa, where for 31 countries (out of 53) not even basic macroeconomic aggregates are officially reported by Governments. The Economic Commission for Africa (ECA) conducted a special implementation survey[1] in May 1999, in which countries were asked to assess themselves in terms of milestones. According to ECA, 10 out of 41 African respondents conceded that they are currently without any economic data in an internationally required format.

7. Of the 28 non-African countries assessed at milestone 0, 16 are small countries with a population of less than 1 million, 8 of them even less than 100,000, suggesting that there may be a problem of scale in the compilation of national accounts. On the other hand, at least five of the larger non-African countries without data have experienced war or civil unrest in the 1990s.

8. A good 50 per cent of all countries fall under milestone category 1 or 2, which implies that basic gross domestic product (GDP) information and the main macroeconomic aggregates are available for the period under consideration. Only 27 countries (14.6 per cent) currently report various degrees of institutional sector accounts (milestone levels 3-6). Only 5 of these

Table
**Summary table for milestone assessment, 1993-1998**

| | *Milestone levels* | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *0* | *1* | *2* | *3* | *4* | *5* | *6* | *Total* | *Improved compared to 1990-1995* | *Deteriorated compared to 1990-1995* | *Index 2000* | *Index 1997* |
| Number of countries | | | | | | | | | | | | |
| World | 59 | 43 | 56 | 6 | 10 | 9 | 2 | 185 | 26 | 25 | | |
| Africa | 31 | 11 | 11 | 0 | 0 | 0 | 0 | 53 | 3 | 12 | 0.94 | 1.03 |
| Northern America | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 6.00 | 6.00 |
| Caribbean, Latin America | 7 | 9 | 13 | 2 | 1 | 1 | 0 | 33 | 4 | 8 | 2.32 | 2.23 |
| Western Asia | 2 | 5 | 8 | 0 | 0 | 0 | 0 | 15 | 2 | 2 | 1.70 | 1.63 |
| Eastern, Southeast and Southern Asia | 5 | 9 | 6 | 1 | 0 | 2 | 0 | 23 | 3 | 0 | 1.86 | 1.83 |
| Western Europe | 4 | 1 | 1 | 3 | 8 | 5 | 0 | 22 | 1 | 2 | 4.17 | 4.37 |
| Eastern Europe | 1 | 3 | 7 | 0 | 1 | 0 | 0 | 12 | 8 | 0 | 1.96 | 1.06 |
| Former USSR | 3 | 4 | 8 | 0 | 0 | 0 | 0 | 15 | 5 | 0 | 1.27 | 1.07 |
| Oceania | 6 | 1 | 2 | 0 | 0 | 1 | 0 | 10 | 0 | 1 | 3.61 | 3.92 |
| Percentage (number of countries) 2000 | 31.9 | 23.2 | 30.3 | 3.2 | 5.4 | 4.9 | 1.1 | | | | | |
| Percentage (number of countries) 1997 | 30.4 | 24.5 | 30.4 | 4.3 | 4.3 | 4.9 | 1.1 | | | | | |

*Note*: The regional milestone index uses the 1994 country population figures as weights; data for the three new United Nations Member States of Tonga, Nauru and Kiribati are not yet included in the analysis.

27 countries are non-Organisation for Economic Cooperation and Development (OECD) member countries. In Africa, Western Asia and the former USSR, not a single country has been assessed at a level higher than level 2, which implies that a strategy of lateral regional knowledge transfer cannot be used.

9. In their analysis, the experts of the regional commissions have pointed out in recent years that a number of countries had conducted more or less extensive pilot studies (often for a benchmark year) for the implementation of institutional sector accounts. This is particularly the case in transition economies for Eastern Europe and the former USSR, large countries in Latin America and some countries in Asia. Insofar as the results of these compilation exercises have not been incorporated into the release of official country data, that progress is not reflected in the present assessment. However, the foundations for future improvements may have been laid.

## B. Changes over the past three years

10. When comparing the assessment periods 1990-1995 and 1993-1998, 51 countries — more than a quarter of all countries — have experienced changes in their milestone assessment. The improvements (26 countries) and deteriorations (25 countries) have been evenly distributed on a global scale. However, a closer look at the regions reveals clear imbalances.

11. In Africa, only 3 countries improved their assessment through reporting of additional official data, while 12 countries deteriorated in their assessment. These deteriorations were in most cases the result of countries ceasing to report data entirely, thus dropping back to assessment level 0. A few countries did continue to provide data but did so in smaller quantities, thus implying a move from milestone 2 to milestone 1.

12. In three regions, all the movements were actually for the better: Eastern, Southeast and Southern Asia; Eastern Europe; and the former USSR. That progress is particularly noteworthy for Eastern Europe, where 8 out of 12 countries improved their assessment over the past three years. That finding is robust since according to the expert opinion of the Economic Commission for Europe, the present assessment rather underestimates progress made in these countries.

13. The process of overall economic restructuring in many transition economies, with the corresponding demand for macroeconomic information, was certainly an important factor in the improvement of the national accounts situation in those countries, as were the relatively large influx of technical cooperation resources and the availability of expert advice from "close" countries in Western Europe. It is more difficult to explain in general terms why progress has been made in certain countries in Latin America, Asia or Africa. Progress here is often due to individual factors, such as the country joining a particular economic or trade grouping, which requires improved standards of national accounting. It could be useful, though, to analyse in more detail the factors that contributed to the success of these countries and to identify those elements that could possibly also be applied elsewhere.

14. The reasons for dropping back in the assessment may range from simple non-reporting of data to the United Nations Statistics Division to a breakdown of public administration due to war or civil unrest. In any event, the group of countries experiencing a deterioration in the assessment could be a special target group for the attention of the international organizations since it should be in theory easier to "restore" a higher milestone level given that the data infrastructure and the expertise existed previously.

15. No comprehensive analysis has yet been conducted regarding the large group of countries in which no progress has been made over the past three years. Budgetary difficulties reducing available resources for statistical activities in many countries were certainly a contributing factor. The increased demand for non-economic statistics may have also put additional strains on the limited statistical capacities of countries. Some evidence suggests that national accountants find it increasingly difficult to convince users of the need for additional resources for the implementation of the 1993 SNA.

16. Project experience of the United Nations Statistics Division suggests that one of the problems with a sustained improvement of the national accounts situation in many developing countries is still the limited number of personnel knowledgeable about the structure, concepts and classifications of the 1993 SNA. Frequently, only one or two staff members of national statistical offices have been trained. The 26 respondents attending an Economic and Social Commission for Asia and the Pacific (ESCAP) workshop[2] ranked the organization of special forums/seminars/workshops for more in-depth training as their first priority for support activities by international agencies. Similarly, during a recent Economic and Social Commission for Western Asia (ESCWA) workshop,[3] the first and second priorities were to hold as many regional workshops, seminars and expert group meetings as possible and to hold national workshops in order to enhance the capabilities of national accountants. Written documentation, such as handbooks and basic training material, are considered useful and important for in-country training. Consequently, the United Nations Statistics Division and other Intersecretariat Working Group on National Accounts (ISWGNA) members have given increased attention to the production and dissemination of such material (for a full list of support material, as well as examples of targeted technical cooperation efforts, in particular for groups of African countries, see E/CN.3/2000/2).

## III. What does implementation of the 1993 SNA mean?

17. At the September 1999 meeting of ISWGNA, experience with the milestone approach so far was discussed, which led to a more general debate of what it actually means to implement the 1993 SNA. The members of ISWGNA agreed that implementation of the 1993 SNA in a particular country should be evaluated in at least three dimensions: (a) scope of the accounts, (b) concepts and classifications used, (c) basic data quality. Scope of the accounts refers to the coverage in terms of tables and accounts suggested by the 1993 SNA. Regarding concepts and classifications, it is possible to draw up a limited checklist of conceptual changes between the 1993 SNA and its predecessor (treatment of computer software, mineral exploration etc.) to verify whether a country has

adapted to the new system. With respect to data quality, there are no explicit standards mentioned in the 1993 SNA. Nonetheless, an evaluation of the basic data quality should be an integral part of the overall assessment of whether a country has successfully implemented the new standards.

18. The milestones in their current form capture only one dimension — the scope of the accounts — thus equating implementation of the 1993 SNA with the compilation of institutional sector accounts. In fact, the milestones are not necessarily based on the 1993 SNA. A large number of countries concede that they are still compiling their accounts on the basis of the 1968 SNA even though they may have substantially developed accounts. It would be interesting to indicate in the table the number of countries which have undertaken explicit efforts to implement the 1993 SNA. The milestone's narrow focus on institutional sector accounts also sends the potentially misleading message that the compilation of additional accounts is more important than conceptual accuracy and data quality.

19. One reflection of the use of the milestones as a planning tool can be found in the ECA survey report on Africa mentioned in paragraph 6 above. When asked what their milestone plans for the year 2004 were, 28 of the 41 respondents were envisaging reaching implementation levels 4 and higher, an average increase of 3 milestone levels over their own current assessment.

20. In the ISWGNA discussion, it was also observed that the numerical characteristic of the milestones wrongly suggests one particular sequence of steps to be taken on the path to SNA implementation; moreover, the numbers have led to competitive bilateral comparisons between countries, which was certainly not the intention of the designers of the milestones. It should be noted that the original definition of the milestones included additional dimensions, such as the evaluation of special data systems (quarterly accounts, supply and use tables etc.), which were not taken into account in the actual measurement of the milestone country assessments.

21. The Economic Commission for Latin America and the Caribbean (ECLAC) has experience in using a more comprehensive assessment method, based on a number of indicators, including those permitting data-quality evaluation. ECLAC analysis shows that some countries which have not officially embarked on a programme to implement the 1993 SNA may still have improved their national accounts by updating their base year or extending the scope of their compilation. The importance of the compilation process for its own sake was emphasized at a recent ECLAC expert group meeting:[4] participants advocated rigour in the assessment of countries, by stipulating that for full implementation of the 1993 SNA a country must have compiled data for more than one year and must have officially published them.

22. One specific point regarding the use of the current milestone analysis was raised by various regional commissions. It was remarked that it was very frustrating that despite the information gaps clearly identified by the milestone assessment, additional resources to address the problem have not been forthcoming in past years.

23. Given all the issues raised above, ISWGNA has decided that it will give prominence during its forthcoming spring 2000 meeting to the question "What does it mean to implement the 1993 SNA and how can this be reflected in a possibly extended or refined milestone system?" ISWGNA will also analyse the replies received to the first data questionnaire, based on the 1993 SNA. The results of that analysis and discussion will be reflected in the next issue of *SNA News and Notes*.

## IV. Points for discussion

24. The Commission may wish to:

(a) Express its views regarding the milestone assessment and its use;

(b) Suggest improvements for the assessment method which is being applied.

*Notes*

[1] "Implementation of the System of National Accounts, 1993 (1993 SNA) in Africa", Addis Ababa, 22 June 1999 (E/ECA/DISD/CODI.1/17).

[2] See ESCAP, report of the First Workshop on the Implementation of the 1993 SNA, Bangkok, 12-23 October 1998.

[3] See ESCWA, report of the Workshop on Compilation of Integrated Economic Accounts of the 1993 SNA, Beirut, 26-28 October 1999.

[4] See ECLAC, report of the Workshop on Regional Accounting, Aguascalientes, Mexico, 8-12 November 1999; see also "La aplicación del SCN 1993 en América Latina y el Caribe", ECLAC, 1999.

# Annex

## Factsheet on milestones

### Definition

System of levels 0-6, by which higher milestone levels correspond to increasingly complex national accounting systems; e.g., milestone level 6 corresponds to a national accounting system, including a complete sequence of institutional sector accounts up to the balance sheets.

### Created by

ISWGNA in 1995/1996.

### Mandate

Given by the Statistical Commission at its twenty-eighth session, in 1995: to define "criteria against which progress could be judged".[a]

### Purpose

1. Provide guidance to countries considering the expansion of their national accounting coverage in line with the recommendations of the 1993 SNA.

2. Create a monitoring instrument that measures the level of national accounts development at different points in time to identify countries (country groups) that need the particular attention of the international community.

### Measurement method

The evaluation is based on official data reported by countries to the United Nations Statistics Division in its annual national accounts questionnaire. Criteria have been defined for each of the milestones, whereby the presence of a certain combination of tables in the United Nations database (at least for one year during the predefined time-frame) indicates a specific level of national accounts development.[b] This mechanical assessment method is quick, low cost, objective and easy to repeat at regular intervals.

### Alternative methods considered

1. Self-assessment by countries via assessment questionnaire.

2. External assessment through international experts (e.g., in regional commissions).

### Time-frame of assessment

Annual assessment for a five-year time-frame. (t-7 to t-2, where t = current year).

### Limitations of assessment method

1. Problem of under-reporting by countries to the United Nations Statistics Division.

2. Not sensitive to data quality.

3. Does not distinguish between benchmark and annual compilation.

*Notes*

[a] See *Official Records of the Economic and Social Council, 1995, Supplement No. 8* (E/1995/28), para. 12.

[b] For details regarding the six criteria, see background document entitled "Milestone assessment of member States", presented to the Statistical Commission at its twenty-ninth session under agenda item 9, "National accounts".